

**St. MARY'S UNIVERSITY  
FACULTY OF BUSINESS  
MANAGEMENT DEPARTEMENT**

**ASSESSEMENT OF  
PERFORMANCE MANAGEMENT PRACTICES IN  
AL-SAM PLC**

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**AN ASSESSEMENT OF PERFORMANCE  
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AL-SAM P.L.C**

**BY**

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# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1. Background of the Study**

The aim of Performance Management is to help goals are consistently being met in an effective and efficient manner. The overall objective of performance management is to develop and improve the performance of individuals and teams and therefore organizations. Performance Management is the continuous process of identifying measuring and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization. Performance management is the development of individuals with competence and commitment working towards the achievement of shared meaningful objectives within an organization which support and encourages their achievement. (david, 1998)

Al- Sam plc is a national company established by five entrepreneurs with rich and proactive working experience and business in sights. The company was establish in 1998 at the paid up capital of ETB 20 million and it has been involved in the marketing and distribution of locally manufactured as well as importe.

The company currently has 172 employees who are assigned under finance, human resource management, Marketing, sales and distribution in Addis Ababa. These major Operations can be achieved through Performance Management system. To this end the study focus on Performance Management in Al-Sam Plc.

## **1.2. Statement of the Problem**

There will be professional assumption that if Performance Management is conducted appropriately and its result communicated effectively then it will improve performance of employees system and hence the Performance Management of the organization.

In our more heavily service knowledge based economy employees have become the most important determination of organization success. Furthermore performance management is systematic process for improving organization performance by developing the performance of individual and teams. It is a means of getting better results by developing the performance of individuals and terms. It is a means of getting better results by understanding and managing performance within an agreed frame work of planned goals, standards and managing performance with an agreed frame work of planned goals, standards and competency requirement. Performance management is:- a process for establishing a shared understanding about what is to be achieved and how it is to be achieved and an approach to managing people that increases the probabilities of achieving success (New Dehi, 2003)

However in Al-sam P.L.C employees complain that there is no planned consistent performance management system. The only performance system of the company is measures monthly, Quarterly and annually by using the company sales volume. In addition to this employees are not satisfied with the company Performance Management System and there is a high rate of turnover in the company. According to the researcher preliminary survey and getting the chance to work in the company this might occur due to

- Even if the company has salary scale but it is not used in practical even if there is the same job but different salary of employees

The problems of chain of command that is one employee have money bosses.

- Risk taking problem the manager is to do simple thing he must communicate with owners he doesn't power by himself
- For simple thing there is a long way or process there is no one window service.
- No fair performance evaluation that means biasedness.

Thus, due to these realities the student researcher is interested to undertake the study such problem areas in order to come up with possible solution for the problems.

### **1.3. Research Questions**

Based on the above problems the student researcher conducts four basic research questions

1. What are the factors affecting the performance system of the company?
2. To what extent the performance management system the company will be productive?
3. What are the challenges affecting the performance management system?
4. How do employees perceive the performance management system?

### **1.4. Objectives of the Study**

#### **1.4.1 The General Objective**

The general objective of this study is to assess and identify the organization current performance management system.

### **1.4.2. Specific Objectives**

- To investigate the factors considered in performance managements system
- To describe the factors affecting the performance management system
- To determine whether the system empowers the company goals achievement or not.
- To investigate how performance management performed in Al-Sam PLC

### **1.5. Significance of the Study**

- The rationale behind this study is mainly focused on finding a way and minimizing the problem of performance management practice in AL-Sam PLC. In connection to this the researcher assumes the study might have the following significance.
- It enables the researcher to acquire basic experience and knowledge about performance management system.
- It may motivate the managers to participate in minimizing such problems.

### **1.6. Delimitation of the Study**

Performance management is broad thus the study was delimited only by linking performance management of employees and system to achieve organizational goals thus the study was delimited only performance management in Al-sam PLC. The company have five branches (three of them are in merkato, piassa, Repi) However in order to assess the problem of all braches was time and resource consuming there fore the study focus in head office of Al-sam plc. So as to get relevant and sufficient information on the area

of the study while conducting the student researcher was limited to use three years of data from (2009-2012 G.C), this is because it was a recent annual period to get available information from respondents and to distinguish the different before and after implementing performance management system.

### **1.7. Definition of key Terms**

- Performance Management is a continues Process of identifying, measuring and developing the performance of individual and team with organization goals and objectives.
- Extrinsic - comparing system and employees to achieve organizational goals.
- Intrinsic - Measuring & developing the performance of individuals & aligning the performance with the strategies goals. (Aguins,2009)

### **1.8. Research Design and Methodology**

#### **1.8.1. Research Design**

The study employed descriptive research methods because this method describes the existing practice in relation with performance management and in order to define the real problem and describe factors, causes and challenges of performance management in Al-Sam Plc.

#### **1.8.2. Population and Sampling Design**

The target population of the study was both employees and managers working in Al-sam Plc. The total number of employees is 134 and have 12 mangers. There for the student researcher used census method because of the fact that there are few and manageable number of employees and managers in the company.

No	Department	Number of Employees and Mangers		
		Female	Male	Total
1	Finance	10	6	16
2	Human resource management	7	13	29
3	Sales & distribution	21	59	79
4	Marketing	9	12	22
	<b>Total</b>	<b>47</b>	<b>89</b>	<b>146</b>

### 1.8.3. Types of Data Collected

The researcher used both primary and secondary data to get sufficient information. The primary data source were collected from respondents and the secondary data collected from company profile, other documents reference books related with the subject matter studies and library publications.

### 1. 8. 4. Methods of Data Collection

The primary data is used to get first hand information from respondents through conducting by checklist interview to Marketing, Finance and Human Resource managers that I expected to answer the interview and close and open ended questionnaire to employees while the secondary data used to get essential readymade data or information from company profile and other documents reference book related with the subject matter studied and library publications

### 1.8.5. Methods of Data Analysis

The data analysis is made by using descriptive analysis research methods to summarize the findings, percentage used to get the total picture of the data collected from questionnaire. Then the collected data were summarized and

presented in the form of tables in order to facilitate the process of comparison. In addition to this, statistical technique is includes. Like mean was used to predict the probability that something have a particular value or happened at a particular time.

### **1.9. Limitation of the Study**

There were some factors that affected the study not to be carried out as expected. Among these factors the majors:-

- There is a problem of books in finding related literature.
- Some of the employees were not willing to fill the Questionnaires.

Some of the managers were not co-operative having the interview.

### **1.10. Organization of the Study**

This paper is organized in to four chapters. General introduction is given in the first chapter. The relevant literature review is discussed in the second chapter; chapter three provide data presentation analysis and interpretation. Finally, conclusions and recommendations are presented in the four chapter of the report.

## **CHAPTER TWO**

### **2. REVIEW OF RELATED LITERATURE**

#### **2.1. Overview Organization Performance Management**

Today, scorecard process starts by translating a organization's mission and vision into a detailed strategy map- a conceptual model outlining the factors that drive performance. Next, specific objectives and measures and developed and balanced across financial, customer, internal process, and learning and growth perspectives. Those objectives are then used to drive strategy- specific actions across the organization.

The purpose of performance management is to transform the organization. Its purpose is to create strategic focused organization. So understanding the scope and goals of performance management system has paramount importance. Organizations, be it private or public or third party, is investing time and money to measuring performance is improving performance continuously. As the adage goes, if you can't measure performance, you can't manage it.

Performance management can be seen at three levels. These are organizational, team or process and individual performance management and measurement level. The expected result at each level of performance varies and it goes from outcome to accomplish downward. The focus of this research is organizational individual performance management and measurement system.

#### **2.2. Performance Management Defined**

According to Armstrong & Baron (2004) performance management can be defined a systematic process for improving organizational performance by developing the performance of individuals and teams. According this definition performance management is:



- PM is a process which has interrelated activities with common outcomes:
- It a systematic approach that means activities with the process are working to achieve some predetermined result;
- PM focuses on the improvement of individuals and teams so as achieve organizational goals; so it courses on both term & short term issues;

### **Other Definitions are:**

- Performance management is the process of directing and supporting employees to work as effectively as possible in line with the needs of the organization (New Delhi, 2003)
- Performance management is a strategic approach and integrated approach to delivering sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of the teams and individual (Armstrong & Baron, 1998)

### **2.3. Types Performance Management**

As I get from handout prepared by (SMU in title of Performance Management) there are three types of performance management

#### **a) Results- based (result -oriented)**

Measure the results produced by the employee

Results performance management excels in aliening people with the needs of their organization, while shaping organization to support the need their people

Rustled -oriented performance expectation should also be developed for each major responsibility

### **b) Behavior -based (behavior -oriented)**

Measure the employee behaviors

Behavior - oriented performance exception are created for each major responsibility. These behaviors must be observable and construable.

Meting these exceptions is critical for successful performs and aligns with those organizationally valued behavior.

### **C) Trait-based (trait - oriented)**

- Measure the employ s personal characteristics
- Traits of the employee

## **2.4 Principles of Performance Management**

The principles are the foundation for performance management. Every employee should incorporate marry, it not all, of the principles in to their daily work. The principles are guidelines during the performance management process.

- > Service Excellence:- support an environment service excellence, continually improving internal/external customer satisfaction through identification of needs and point of contact problem resolution.
- > Quality improvement and safety:- Assists in creating and maintain high quality processes using initiative and data as a foundation of the work. Ensures practices and procedures are conducted with regulatory guidelines and in the safest method possible.
- > People:- support policies systems and processes that create equal opportunities for all stat members fosters an environment whale employees have the resources, assistance and sup[ort needed to a chive the highest personal and professional level.

- > **Growth supports:-** the achievement of the organization strategic plan mission and goals, contributing to its positive reputation and image both with the organization and in the general community.
- > **System:-** measuring and continually improves processes, procedures programs and services that enhance ability to manage work flow across all system, fostering teamwork, collaboration and integration wherever possible.

## 2.5 The Functional Job Description

An employee's functional job description contains the responsibilities, tasks, competencies, education, and experience required to perform a specific job. Functional descriptions are developed and maintained at the department level and typically contain:

- > Specific purpose of the position
- > Responsibilities /tasks listed with percents of time associated with each duty
- > Reporting relationships
- > Requirements of the position in terms of education, experience, and competencies
- > Any preferred requirements ( not required) such as specific competencies or advanced degrees

Once a functional job description has been create, a performance assessment tool can be created, using a performance standards worksheet.

### 2.5.1 Situation Behaviors and Impact Feedback Frame Work

When providing constructive feedback to improve behavior, meet with the employee as soon as possible after an event has occurred:

- Find a private setting
- Describe the situation, sticking to the facts
- Describe the behavior observed in neutral terms.
- Explain the impact that behavior had on the event.

The SBI framework is an acronym for situation, behavior and impact. Using the SBI framework brings the message back to the facts, making it easier to find solutions, rather than letting emotions control the situation.

**S Situation:** - Explain the problem that needs to be discussed. Be specific about the details.

**S Behavior:-** describe the behavior the person used, using 'I' Statements. Talk about both what the person did and how it was done. Focus on body language, tone of voice and choice of words

**S Impact:-** explain how the behavior impacted the circumstances. Communicate how the behavior affected the organization, work team, program or customer.

Communicate what you need to happen, and if appropriate, include a consequence if the desired behavior does not occur in the future.

### 2.5.2 Conducting Conversations with High, Middle and Low performers

Each employee can be placed into one of three categories- a high, middle or low performer. Each of these categories can be defined generically:

**S High Performer-** consistently exceeds standards; proactively problem solves, take appropriate initiative, and is a positive influence on others as well as a good role model.

**S Middle performer-** meets standards, responds well to others' problem-solving ideas, strives to do good job and may need more experience or coaching. May be influenced either by the high or the low performer

**S Low performer-** Does not consistently meet standards, may respond to problems in a negative way. May not recognize the need for performance improvement.

These categories can also be used as a guideline for the three-point rating scale used in the formal performance review.

A supervisor needs to communicate regularly with employees, it should; not be a once-a-year conversation during performance review time. It is important to

remember that all employees at all performance levels need regular positive feedback and when appropriate, constructive feedback and coaching to help them improve.

> High Performers are more likely to look for another job than other performers because they feel unrecognized and unrewarded. It is important to communicate to them regularly. When meeting with a high performer:

- Thank them for a job well done.
- Emphasize specifically where their actions make a positive difference in the workplace.
- ‘Re-recruit them’- ask what needs to be done to assist them in performing their current duties.
- Provide opportunities for them to grow beyond their current duties.
- Ask them to mentor others. (Certo, 2007)

> **Middle performers** are often seen as the steady contributors, the staff who do the job well most of the time. They might be ignored, however, as they usually do not cause problems or ask for opportunities to communicate with middle performers regularly. When meeting with them:

- Thank them for their hard work.
- Emphasize specifically how their actions contribute to the overall success of your department /unit.
- Coach them in those areas that will assist them in better performing their current duties.
- Provide opportunities for them to grow beyond their current duties.

> **Low performers** often take up a majority of a supervisor’s time, as they require much attention to discuss inappropriate behavior. It is up to each supervisor to either assist the low performer in improving, it is

important to communicate with low performers until their performance improves. When meeting with them, be focused, Constructive and firm:

- Describe the unacceptable performance or behavior, using specific examples.
- Explain the impact of their actions.
- State the desired behavior, performance or attitude.
- Remind them of the consequences if they do not improve their behavior or performance. (Certo,2007)

## **2.6. Benefits of Performance Management**

According to Armstrong and Baron (2003), the following are some of the benefits of performance management for organizations.

- Aligning corporate, team and individual objectives;
- Improving performance;
- Motivating employees;
- Increasing commitment;
- Underpinning core values
- Improving training and development processes;
- Helping to develop a learning organization
- Enlarging the skill base
- Providing for the basis for career planning
- Helping to retain skilled employees
- Supporting total quality and customer service initiative; and
- Supporting culture change programs

The overall aim of performance management is to establish a higher performance culture in which individuals and teams take responsibility for the continuous improvement of business processes and for their own skills and contribute within a framework provided by effective leadership. Its key purpose is to focus people on doing the right things by achieving goal clarity.

The information collected by performance management system is most frequently used for salary administration performance feedback and the identification of employee strengths and weaknesses in general ,however performance management system can serve the following purposes 14 (A) strategic (b) administrative (C) information (D) developmental (E) organizational maintenance, and (F) ) documentation (New Delhi, 2003)

## **2.7. Cause of Performance Management**

It has been discussed that employees' performance management highly contributes to the organizational goals. It is also true that it is through people that

Organization can satisfy customers, who are the major sources of success. A major theme of this research is the importance of obtaining commitment and support from all facets of the organization. The involvement of stakeholders (Directors, managers, employees, and human resource professionals) at the very outset is a key to promoting ownership of the system. To have an effective system, all portions of the organization need to be involved in designing, implementing, administering, managing and evaluating the system. Lack of organizational support, commitment and resources greatly increase the chance of failure.

The type of commitment and support may be:

- From leaders (managers): assessing the competence gaps of employees and undertaking employee development schemes, budget allocation for

the establishment of the scheme and its implementation; reinforcing its implementation by means of creating feedback process and incentive mechanisms;

- From employees: using the organization's resources for the organization's tasks, to the maximum possible;
- From other stakeholders: approving budget for the development and implementation of the Performance Management system, willingly providing feedback of the service given (customers), etc.
- From human resource professionals: bringing best practices and inculcating them into the system, coaching on its application and facilitating HR development schemes (Hulds worth, 2003)

## **2.8. Effect of Performance Management**

If you are a manager, it is your responsibility to ensure that the efforts of your employees are focused on the corporate priorities and initiatives of your department. Such as:

- Providing the basis for clarifying performance and behavior expectations;
- Affording a framework for reviewing performance and competence levels;
- Improving leadership, motivating and teambuilding processes;
- Providing the basis for helping the underperformers;
- Providing the basis for non- financial provision of rewards to staff.

As an employee, the performance management helps you to see the relationship between the business plan and your individual responsibilities. It also helps you develop the skills, knowledge, and leadership competencies required to perform successfully- now and in the future.



Greater clarity of roles and objectives;

- Encouragement and support to perform well;
- The provision of guidance and help in developing abilities and performance;
- Opportunities to spend 'quality time' with their managers;
- Opportunities to contribute to the formation of objectives and plans;
- An objective and fair basis for assessing performance (Hulds worth, 2003)

## **2.9. Objective of Performance Management System**

A modern organization seeks to create an efficient and effective performance management system to:

- Translate organization vision into clear measurable outcomes that define success, and that are shared throughout the organization and with customers and stakeholders;
- Provide a tool for assessing, managing, and improving the overall health and success of business system ;
- Include measures of quality, cost, speed, customer service, and employee alignment, motivation, and skills to provide an in-depth, predictive performance management system ; and
- Replace existing assessment system with a consistent approach to performance management.
- Improving organizational performance by promoting: a stronger financial position, enhanced programming, better customer service, greater efficiency, greater focus on desired results, engaged employees, and retaining top performers ( David, 1998)

- Driving continuous improvement by: identifying employees training and professional development needs, promoting accountability, and creating a framework for ongoing support and guidance ( David, J.1998)

## **2.10. Factors Affecting Performance Management**

- Wrong selection or low in adequate training and education/ lack of basic specialized education unwarranted promotion poor health.
- Wrong upbringing unchecked lazy habits favorite states.
- Future to do well in life domestic problems sense of insecurity prospect feeling that fair deal wrong placement.
- In dependence or greed bad company's lack of confidence in management fair play.
- To retain leadership to impress company workers to supervisor to scoop responsibility to spearhead mass agitation( Deborah, B.1997)

## **2.11. Advantages of Performance Management System**

- Motivation to perform is increased
- Self-esteem is increased
- Manager gain insight about subordinates
- The definition of job and criteria are clarified
- Self-insight and development are enhanced
- Personnel actions are more fair and appropriate
- Organization goals are made clear
- Employees became more competent
- There is better protection from lawsuits

- There is better and more timely diffraction between good and poor performers
- Supervisors views of performance are communicated more clearly
- Organizational change is facilitated (Herman, A. 2005)

## **2.12. Disadvantages of Poorly Implemented Performance Management System**

- Employees may quit to results
- False or misleading information may be used
- Self- esteem may be lowered
- Time and money are wasted
- Relationship are damage
- Motivation to perform is decreased
- Employees suffer form job burnout and job dissatisfaction
- There is increased risk of litigation
  - Managers are required to use an unjustified amount of recourse
- Standard and rating very are unfair
- Biases can replace standard
- Mystery surround how ratings were derived ( Cardy. 2004)

## **2.13. Concern of Performance Management**

The following are the main concerns of performance management.

- Concern with outputs, outcomes, process and inputs. Performance Management is concerned with outputs (the achievement of results) and outcomes (the impact made on performance). But it is also concerned with the processes required to achieve these results (competencies) and the inputs in terms of capabilities (Knowledge, skill and competence) expected from the teams and individual involved.
- Concern with planning. Performance management is concerned with planning ahead to achieve future success. This means defining expectations expressed as objective and in business plans.
- Concern with measurement & review 'If you can't measure it you can't manage it.' Performance Management is concerned with the measurement of results and with reviewing progress towards achieving objectives as a basis for action ( Cardy. 2004)
- Concern with continuous improvement. Concern with continuous improvement is based on the belief that continuous improvement is based on the belief that continually striving to reach higher and higher standard in every part of the organization will provide a series to reach higher and higher standards in every part of the organization will provide a series of incremental gains that will build superior performance. This means clarifying with that organizational team and individual effectiveness look like and taking step to ensure that those defined levels of effectiveness are achieved. As Armstrong and murals wrote this involve
- Establishing culture in which mangers individual and groups take responsibility for continues improvement of business processes and of their own skills competence and contribution
- Concern with continuous development .performance management is concerted with crating a clutters in which organizational and individual learning and development is continues process .it provide means the

interaction of learning and work so that every one learns from the success and challenges interment in their day- to- day activities.

- concern for communication performance management is concerned with communication .this is done by creating a climate in which a continuing dialogue between manager and the members of their teams takes place to define expectation and share information on organizations mission ,values and objectives (Eileen, 2003)
- Concern for stakeholder's performance management is concerned with satisfying the needs and expectations of all the organization's stakeholders- owners, management, employees, customers, suppliers and the general public. Performance management should respect the needs of individuals and teams as well as those of the organization recognizing that they will not necessarily coincide.
- Concern for fairness and transparency. Four ethical principles that should govern the operation of the performance management process have been suggested by (Michael & Murray, 1997) These are:
  - Respect for the individual;
  - Mutual respect;
  - Procedural fairness; and
  - Transparency of decision making.

## **2.14. Characteristics of Ideal PM System**

So far ,we have defined performance management, described the advantages of implementing good performance management system, discussed some of the danger of not doing a good job with the design and or imposition of the system, and described the various purposes achieved by a good system .but what does a

good system look like? The following is a set of characteristics that is likely to allow for the performance management system to be successful. Practical constraint may not allow for the implementation of all these features. However, we should strive to place a check mark next to each of these characteristics, as the following Strategic congruence, Thoroughness, Practicality, Meaning, fullness, Openness, correct ability, Standardization, ethicality, Identification of effective, Performance, Reliability, Validity, Acceptability and fairness, Inclusiveness.

## **2.15. Challenges of Performance Management**

Just as any functions of organizational management performance management has also some challenges this are

It is difficulties in specifying and measuring performance which is caused by

- Changes in the nature of work
- Multi dimensional nature of work
- Technological development.
- Lack of supervisory training and managers value system (New Delhi,2003)

## **2.16. Over Coming Challenges of Performance Management**

- Crating and documenting a performance management system that incorporates the key foundational elements or use the university provided system .Crating a system to track completion of the performance management process.
- Ensuring the performance management process is completed annually
- Supporting managers and employees as they engage in performance management.
- Maintaining record in accordance with the records retention policy , and
- Ensuring performance planning is incorporated in the on-boarding process for new employees and for employees in changed or new roles (New Delhi,2003)

## **CHAPTER THREE**

### **Data Presentation, Analysis and Interpretation**

This chapter mainly consists of two parts which are the general characteristics of the study and analysis of the finding of the study. The research study tries to investigate how performance management were implementing in AL-sam PLC. To connect relevant data for the study the student researcher distributes questioner to 134 employees using census method. And 83(67%) of respondents returned the questionnaire and the rest they didn't returned back. At the same time the researcher intended to have an interview with 12 managers. But 7 of them were on training and out of the rest 5 same targeted manager that answer the interview such as finance manager, human resource manager and marketing manager gave relevant information for the study and the result is analyzed by taking the following response.

#### **3.1 Characteristics of the Study Population**

The profile of respondent with regard to age, sex, educational background and year's service in the organization are summarized below in the following table.

**Table 1: General Characteristics of Respondent**

No	Item	Respondents	
		No	%
1	Sex		
	Male	48	58
	Female	35	42
	Total	83	100
2	Age		
	Below 20	-	-
	21-30	62	75
	31-40	21	25
	Above 40	-	-
	Total	83	100
3	Educational Level		
	12 Complete	-	-
	Certificate	-	-
	Diploma	14	17
	BA and above	69	83
	Total	83	100
4	Work Experience		
	0-5	55	66
	6-10	21	25
	11-15	7	9
	Above 15 Years	-	-
	Total	83	100



As indicated in table 1 of item 1, regarding gender composition from the total respondent of the population male respondents were 48(58%) while female consists of 35 (42%). This indicates the nature of the work demands male employees than female employees. In case of age 62(71%) of respondent between the age of (21-30) in the next categories the age distribution is 21(25%) respondents between the age of (31 -40), There for regarding age the majority of employees in AL-same PLC is between 21-30, this employee's middle age can be creative and innovative. So they perform their job effectively for the productivity of the organization.

With regard to education level of respondents, 14(17%) are diploma holders and 69(83%) are B.A and above. This implies that organization give more emphasis to diploma and degree holders, which means if the company motivate to individuals performance, employees increase can up graded their skill and educational status.

Concerning work experience, 55(66%) of the respondent lies between 0-5 years of work experience, respondents with 6-10 years of experience were 21(25%) , 11-15 work experience were 7 (9%) of respondents. This implies employees who are 0-5 years work experience use their potential and give attention if encourage quality of work performance, motivating their activity etc.

### **3.2 Analysis of the Major Finding**

The student researcher examines the degree of implementing performance management from the view of employees as well as managers of the company. To this end, many questions were given to employees related to performance management. The response from employees and managers are summarized in the form of percentage as follows the measurement scales written in to number from 1-5 by considering "5" as the maximum value (strongly agree ) and "1" as a minimum values ( strongly disagree)

**Table 2: Respondent's Response that the Communication Process of the Company**

Item	Description	Strongly Agree		Agree		Medium		Disagree		Strongly Disagree		Mean	Total	
		5		4		3		2		1				
		No	%	No	%	No	%	No	%	No	%		%	No
1	My current salary is enough to my performance that contributed to the company			25	30.1	17	20.4	33	39.7	8	9.6	2.7	83	100
2	To what extent you agree that the performance management system of the company is in line with your assigned task?	-	-	17	20.4	17	20.4	49	59	-	-	2.6	83	100
3	Improving our competency	14	16.6	28	33.7	28	33.7	13	15.6	-	-	3.49	83	100

As indicated in table 2 of item 1 concerning salary 25(30.1%) of the respondents, 17(20.4%) rated medium, 33(39.7%) rated disagree and the ratio 8(6.9%) strongly disagree, in relation to this the mean value is 2.7. This implies most of the respondents are disagree. The human resource manager said that there is salary scale but it is used when there is a problem happens, mostly trait-based and some time's family based

As it is attempted in the same table of item 2 concerning performance management system of the company 17(20.4%) of the respondent rated agree, 17(20.4%) rated medium, 49(59%) rated disagree and the mean value is 2.6. This implies that most respondents are disagree by their assigned task.

As described in table 2 of item 3 employees were asked improving their competency by the company, 14(16.6%) of respondent responds strongly agree, 28(33.7%) of respondents agree, 28(33.7%) respondent medium, finally 13(15.6%) respondents disagree, No respondent respond strongly disagree. More over the mean value 3.49 most respondents are agree. The researcher reminded that by discussing the problem with the staff in case of fast decision making and changes the workers traditional outlook and the company must giving Quality training for workers.

**Table 3: Respondent's Response that the Communication Process of the Company**

Item	Description	Strongly Agree		Agree		Medium		Disagree		Strongly Disagree		Mean	Total	
		5		4		3		2		1				
		No	%	No	%	No	%	No	%	No	%		%	No
1	Identifying four training need	21	25	14	16.8	28	33.7	21	25	-	-	3.43	83	100
2	Motivating your activity			14	16.86	7	8.4	41	49.4	21	25	2.16	83	100
3	Improving your work quality			33	39.7	42	50.6	8	9.6			3.29	83	100
4	Deciding on your salary increment	-	-	8	9.6	8	9.6	50	60.2	17	20.4	2.08	83	100

On the other hand on table 3 item 1, people were asked that identifying their training need 21(25%) of respondent respond strongly agree, 14(16.8%) of respondent agree, 28(33.7%) of respondent respond medium and 21(25%) of respondent disagree; In addition to this the mean value is 3.43. The researcher reminded that Getting Training and Consulting Service is important to install the performance management system. The objective of the Training is to enhance trainee's knowledge, skill and attitude on employee's performance management. So the company gives training their workers and they need to minimize risk to individuals and sharing responsibility. Finally they have to encourage their employees in terms of salary, commission etc.

As indicate above in table 3 of item 2, 14(16.8%) of respondent agree 7(8.4%) of medium, 41(49.4%) of disagree, and 21(25%) of strongly disagree, more over the mean value is 2.16. This implies that most respondent are disagree. Motivation has tot substantially great concern by many scholars because it is a key factor in determining an effective and productive manpower.

In able 3 item 3, No respondents rated strongly agree and strongly disagree, 33 (39.7%) of respondent respond agree, 42(50.6%) of respondent medium and 8(9.6%) of respondent disagree. Furthermore, the mean value is 3.29. This indicates that most employees were agreed.

As indicated in table 3, of item 4, 8(9.6%) of responds rated agree, 8(9.6%) of them rated medium, 50(60.2%) of disagree and 17(20.4) of respond strongly disagree, furthermore, the mean value is 2.08. This indicate that most respondents are disagree. This implies the salary increment is bases on according to the owners willingness.

**Table 4: Respondents Response that how they rate the Performance Management of the Compa**

Item	Description	Very High		High		Medium		Low		Very Low		Mean	Total	
		5		4		3		2		1				
		No	%	No	%	No	%	No	%	No	%			No
1	Focusing on job specific attributes	17	20.4	42	50.6	8	9.6	8	9.6	8	9.6	3.6	83	100
2	Developing technical knowledge	-	-	-	-	42	50.6	33	29.7	8	9.6	2.39	83	100
3	Having a job related objective	8	9.6	17	20.4	41	49.3	17	20.4	-	-	3.17	83	100

As indicate in table 4 item 1, 17(20.4%) of respondent respond very High agree, 42 (50.6%) of respondent respond High and 8(9.6%) of respondent respond medium, low and very low, moreover, the mean value was 3.4 this value approaches to 3. This implies that most employees are high. Manage goals must follow from organizational goals. and also link with goals of other related segments of the organization . Goals subordinate an individual contribution. They are best developed in a context with which the goal-setter can identify. They must contribute fully to what the organizations striving for as whole. But as respondent mentions that the company's goals is not properly link with the management there is information gap.

As can be seen in table 4 of item 2, No respondent rated very high and high, 42(50.6%) of medium, 33(39.7 %) respond low and 8(9.6%) of respondent respo9nd very low which means some of respondent responded that very about developing technical knowledge. Furthermore the mean value is 2.39 this shows that all employees have no equal chance top develop technical skill. No system can be put to use if the requisite skills aren't available. So the organization must make a check on what skills are needed, what are available in adequate measure in the organization, where the short fall is, and what skills need be developed before launching the system.

As table 4, of item 3, 17(20.4%) responds very high and low, 8(9.6%) of respondent respond high, 41(49.3%) of responded medium, moreover, the mean value is 3.17 this value approaches to 3 which means most employees are agree. The mangers said that the company is well organized buy there is a problem in practical.

An organization is essentially a well -integrated combine of persons who produce results necessary to fulfill specific common goals, using certain resources. Organizational performance therefore is very great extent, the performance of its people.

According to DRUCKER again, an organization cannot just assume that everyone in its staff will automatically work to fulfill its goals. It is not necessary that all staff, working sincerely and using their best judgment, will necessary end up achieving goals that the organization considers important.

**Table 5: Respondents Response that how they rate the Performance Management of the Compa**

Item	Description	Very High		High		Medium		Low		Very Low		Mean	Total	
		5		4		3		2		1				
		No	%	No	%	No	%	No	%	No	%		No	%
1	Focusing on job related assignment	-	-	17	20.4	33	39.7	25	30.1	8	9.6	2.69	83	100
2	Considering the quality of work performed	17	20.4	25	30.1	33	39.7	8	9.6	-	-	3.6	83	100
3	Encourage quality of work performed	16	19.2	17	20.4	25	30.1	17	20.4	8	9.6	3.16	83	100



As describes in table 5 time 1, No respondent responded very high 17(20.4%) of high, 33(39.7%) Medium, 25(30.1%) of low and 8(9.6%) very low. To this end the mean value is 2.69. This implies that there are respondent who High and Low the job related assignment is not work for all. This special or developmental assignment is non-repetitive, one -time, specific short term projects built in the performance plan. Aim at improving systems, procedures, competencies and other condition, surrounding the role tasks, so that the role objectives are better achieved.

In table 5 time 2, there is no respondent responded very low, 17(20.4%) very high, 25(30.1%) high, 33(39.7%) is high and 8(9.6%) of low. Furthermore the mean value is 3.6. This indicates that most respondent are high. The companies have every 6 month management performance but it use as data not translate to practical so the management should have possibilities to find themselves one step up.

For table 5 of item 3, 16(19.2%) of very high, 17(20.4%) of High and 25(30.1%) of medium, 8(9.6%) of respondent responded very low more over the mean values is 3.16 which approach to 3. This explains that even though more of the respondents are high but some are low that each department have not its evaluation terms. Each department and each position should have its evaluating terms. And the company must have information department that solve the possible solutions.

## **CHAPTER FOUR**

### **Summary of the Major Finding, Conclusions and Recommendations**

#### **4.1 Summary of the Major Findings**

- Concerning age 62(71%) or majority of employees were between 21-30 and the age distribution 21 (25%) of respondents between (31-40 Years)
- With regards to work experience most of the employees were between 0-5 the list 7(9%) of respondent between ( 11-15) Years)
- Concerning salary or payment 33(39.7%) of the employees disagree that not enough to they contributed the company. And 25(30.1%) of respondents are agree.
- Concerning Performance management system 49(59%) disagree there is not effective performance management system. whereas 17(20.4%) of respondents are agree.
- With regard to identifying training need 28(33.7%) of employees medium. on the other hand 21(25%) of respondents were disagree.
- Majority of employees or 41(49.4%) calmed that there is no motivation enough. Whereas 14(16.86%) of respondent were agree.
- Concerning salary increment majority of the respondents or 50(60.2%) of disagree that there is no fair performance evaluation to increase salary. and 8(9.6%) of respondent were agree.
- With regard to developing technical knowledge 42(50.6%) of medium that there is some condition to develop knowledge.
- Focusing on job related assignment 33(39.7%) of medium that there is focus on same company core areas. Example the company has a credit sale and the sales forces are focus on cash collection.
- The conducted interview with managers, the human resource and marketing managers said that there is no planned consistent performance management system. In addition to this employees are

not satisfied with the company implemented and there is a high rate of turnover in the company. On the other hand the financial manager said that the performance management system is somehow improving, even though it is not comparative with other companies.

## **4.2 Conclusions**

Depending on the finding discussed above the following conclusion is drawn up.

From the findings it can be concluded that Al-Sam PLC middle aged experienced employees who are capable of doing their job or well aware of their tasks to perform their job effectively for the productivity of the organization. Due to this Al-Sam PLC implement performance management system. More ever, they claimed that there is poor coordination of work activity with other. Could taken on a verity forms in the work place.

On top of this, there is no effective performance management system, some of them are fact that employee are not happy by their salary and not evaluated by experiences person who fits for the job and the fact that there is no consistent performance management system. This shows that the management do not pay due attention because of this employees do not have opportunity to discuss with their evaluator. On the results of the evaluation which led to bias. There is agape between employees and management because of this the company have high challenge of communication Problem. In light of this there is high rate of turnover in Al-Sam PLC.

### **4.3 Recommendations**

Based on the major findings of the investigation the following recommendations are drawn up.

With regard to training programs employees must receive suitable and relevant training with regard the description in order to enhance their present job performance this is essential for an employee as they are always looking for enrichment and better pay. If the management is able to match this requirement the attrition would be lower in the institution saving time effort and money. What more providing training to improve the skills of its employees should be a core concern for any organization which thinks long term and of retaining valuable assets.

The ultimate success of improvement of the satisfaction of employees depends at large on what goes in to it - information which is the most important resource throughout the world. All the possible efforts must be made by Al-Sam PLC to improve satisfaction of their employees. The management of Al-Sam PLC must be concerned with employee's satisfaction if they want to maintain a high quality and loyal work force.

On the other hand employee's reaction to words compensation such as salary and other direct and indirect compensations or pay are negative: as a result employees dissatisfaction some indicators of potential turnover is observed. this motivational factors should be considered vitally important to retain employees and their moral and satisfaction to ultimately attain objective of the institution. There for Al-Sam PLC must improve its pay system even if it doesn't review its salary scale every year at least must provide fair and equitable salary. When pay is seen as fair based on the job demands individual skill level and community pay standards, satisfaction is likely to results. Thus the company must provide fair compensation package consistent with other institutions workers with similar skills training and productivity.

Regarding independence, the more employees are engaged in free and independent decision making process on their job, the more they tend to be satisfied with their job and the more they tend to develop sense of responsibility and belongingness to their employers and it can be recommended that the company must give better freedom to its employees in making in making in defendant decisions for themselves on their work. In addition to this the management of the company should be transparent and has to create safe and open climate for sharing concerns, criticisms and ideas.

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# **Appendices**



**St. Mary's University**  
**Faculty of Business**  
**Department of Management**

**Questionnaire to be filled by Al-Sam P.L.C Employees**

The intent of this questioner is to gather information about performance management in Al-Sam PLC. Based on your response the student researcher aims to conduct a study for academic purpose. To achieve this you are kindly requested to put (^) on the answer of your choice.

Thank you in advance for your sincere cooperation.

**Part I Respondents Background**

1. Personal Information

1.1 age

Below 20 ☐

21 - 30 ☐

31 – 40 ☐

above 40 ☐

1.2. Sex male ☐

Female ☐

1.3 Educational level

12 complete ☐

Diploma ☐

Certificate ☐

B.A and above ☐

1.4. Work experience

0-5 year ☐

11- 15 year ☐

6 - 10 years ☐

above 15 years ☐

1.5 Could you please state current your position in the organization?

A. Managerial ☐

B. Clerical Staff ☐

**Part II Questions Related to Performance Management**

1.How often does Performance Management conducted in your

organization?

Every month

quarterly

Semiannually

Every year

If other please specify

2. Which of the following performance management system mostly applied in your organization?

Result and trait based

Behavior and result based

Result and behavior based

result based

Behavior based

trait based

If other please specify

3. . My Current salary is enough to my performance that I contributed to the company ?

A. Strongly agree

B. agree

C. medium

D. disagree

E. strongly disagree

4. To what extent you agree that the performance management system of the company is in line with your assigned task?

A. strangely agree

B. agree

C. medium

D. disagree

E. strongly disagree

5. . Does the company motivate to increase individual's performance?

A. yes

B. No

- 6 . If your answer for the above question No 5 is yes what type is it?

A. financial

B. non financial

- C. If other please Specify

7. If your answer for question No 6 is non financial pleas state it here under

**Key:-**

VH = very high      L=low M=medium A=agree SD= strongly disagree

H=high              VL= very low              SA=strongly agree DS=disagree

8. How do you rate the performance management system of your company in terms of the following aspects?

	VH	H	M	L	VL
✓ Focusing on job specific attributes.....	<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ Developing technical knowledge.....	<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ Having a job related objectives.....	<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ Focusing on job related assignments ...	<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ Considering the quality of work performed	<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
✓ Encourage quality of work performed.....	I	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

9. How do you agree that the communication process of your organization towards performance management? In terms of:-

	SA	A	M	D	SD
Improving your competency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Identifying your training need	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Motivating your activity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Improving your work quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Deciding on your salary increment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

10. Please specify any other challenges of performance management process in your company if there is?

11. What are the possible solutions for the above mentioned challenges?

**Appendix B**  
**St. Mary's University**  
**Faculty of Business**  
**Department of Management**  
**Interview Questions to Managers of Al-Sam PLC**

1. Does the organization give attention to performance management system?
2. What do you think the advantage of performance management system?
3. What are the factors affecting the performance management system?
4. How does the organization make sure that there is affair performance management system?
5. What are the challenges affecting the performance system?
6. How effective is the performance management implemented currently in your organization?

## **Declaration**

This Paper is my original work prepared under the guidance of my adviser Ato Zelalem Tadesse.

Name Darfeta Challa

Signature\_\_\_\_\_

Place of Submission, SMU

Date of submission\_\_\_\_\_

## **ADVISOR'S DECLARATION**

This senior essay's has been submitted for examination with my approval as the university advisor.

Name Ato Zelalem Tadesse

Signature\_\_\_\_\_

Date\_\_\_\_\_



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